

# *The Sugar Association, Inc.*

1511 K Street, N. W. Washington, D. C. 20005

THE SUGAR ASSOCIATION, INC.

ANNUAL MEETING

OF THE BOARD OF DIRECTORS

CHICAGO, ILLINOIS

MAY 12, 1977

## I N D E X

## TAB

Agenda

A

Report of Nominating Committee

B

Election of Auditor, Counsel and Special Counsel

C

Report of the Treasurer

D

Research Project Funding Schedule & Summaries

E

Statement of Revenues/Expenses and Budget

F

International Sugar Research Foundation

G

Miscellaneous Articles of Interest

H

# SCHEDULE OF EXPENSES

	Budgeted FY 76/77	Provisional Budget FY 77/78
<u>ADMINISTRATIVE</u>		
Salaries	\$ 150,000	\$ 160,000
Payroll Taxes/Hosp.	12,000	14,000
Def. Comp/Bons/Pension	26,000	26,000
Special Counsel	40,000	40,000
Travel	14,000	14,000
Professional Fees	21,000	21,000
Rent	20,000	22,000
Office Equip./Rental	6,500	7,000
Office Supplies/Exp.	6,000	6,000
Telephone/Telegraph	9,000	9,000
Postage	3,500	4,000
Meeting Expenses	10,000	10,000
Confer. & Entertainm't	10,000	10,000
Insurance/Taxes - Office	1,800	1,800
Library	4,000	4,000
Miscellaneous	2,000	2,000
<b>TOTAL - ADMINISTRATIVE</b>	<b>\$ 335,800</b>	<b>\$ 350,800</b>
<u>SCIENTIFIC PROGRAMS</u>		
<del>Nutrition Grants</del>	<del>\$ 30,000</del>	<del>\$ 30,000</del>
Food & Nutr. Adv. Coun.	60,000	60,000
Consulting/Monitoring	35,000	35,000
ISRF	115,000	110,000
Research Projects-F&NRF	200,000	230,000
<b>TOTAL - SCIENTIFIC</b>	<b>\$ 440,000</b>	<b>\$ 465,000</b>
<u>PUBLIC RELATIONS</u>		
Monthly Fee	\$ 30,000	\$ 30,000
Salaries & Benefits	45,000	50,000
Writing & Placement	20,000	15,000
Media Relations	50,000	50,000
Home Ec. Program	145,000	170,000
SITDOM Merchandising	30,000	10,000
Film Dist/Prom.	25,000	25,000
Newsletter	10,000	8,000
Food Editors Liaison	6,000	6,000
Miscellaneous	15,000	12,000
<b>TOTAL - PUBLIC RELATIONS</b>	<b>\$ 376,000</b>	<b>\$ 376,000</b>
<u>EDUCATIONAL PROJECTS</u>		
Exhibits	\$ 19,000	\$ 19,000
Dist/Prd. Printed Mat'l	8,000	8,000
Dist/Pr'd Mat'l-Unbudgeted	5,000	5,000
Distribution of Film	10,000	10,000
<b>TOTAL - EDUCATIONAL</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>
<b>GRAND TOTALS</b>	<b>\$1,193,800</b>	<b>\$1,233,800</b>

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1 147,000

BUDGET 1977/1978

As you know, for the last two years we have been operating on an unbalanced budget in order to meet the necessary scientific and public relations needs of the industry. This increased budget in reality has been a deficit one; but as our reserves, accumulated over previous years, had increased considerably, these deficits were absorbed by our fund balance and enabled reduced assessments to the membership.

However, the picture for 1977/78 is one that needs attention and decision.

From the enclosed statements of actual and estimated expenses, you can see that if we establish a similar budget for 1977/78, as was approved in 1976/77, we will be in a precarious position at the end of the fiscal year. This is, of course, not desirous nor permissible.

Revenues: As you see, the membership contributions for 1977/78 are estimated at the same level as for 1976/77. This is a guess, as I have no way of estimating tonnages for the coming year. I do think, however, that at the present rate of membership--4 mils per 100 lbs. for raws and 6 mils for refined--these numbers are in the ball park. The CRMs' contribution is based on \$10,000 per CRM; and at present we have eight. Interest is estimated.

The estimated revenues together with the estimated fund balance for 6/30/77 total \$1,096,599.

Expenses: The total of these is \$1,233,800, which is about the same as the previous year.

Administration: The small difference from 1976/77 reflects only increased costs, which I am sure everyone in the industry will understand. There is no increase in personnel, but there has been an increased output from the present staff.

Scientific Program: The major item in this category is the cost of the FNAC and the sums from the CRMs and ourselves, which are set aside for approved research. This latter sum (\$230,000) is not necessarily spent; but if not, the balance is accrued for subsequent years and cannot be used for other purposes. The ISRF contribution is in accordance with our agreement with that organization. All in all this category of expenses cannot be reduced as it involves our agreement with the CRMs and our desire to maintain research as a main prop of the industry's defense.

*Franklin*

Public Relations: The PCC met recently and has come up with plans and a budget. This budget is similar to last year's, with the main expense being our Home Economics program. You will note that this has been increased slightly to allow for one or two "floating" speakers on a national basis. This is in excess of the present 10 dietitians being employed part-time in nine marketing areas. The PCC feels that although this program is not spectacular it continues to be effective at the important grass roots level, bringing the industry in contact with professional nutritionists.

The cost of film distribution is the result of success. As you know, we distribute the film free of charge as a public service. Plans are afoot to modify distribution procedures, but as we have bookings through the rest of this year economies will not be realized until 1978 at the earliest.

The remainder of the PR budget is for the usual public relations effort which together with the Carl Byoir services have been the mainstay of our work in defending and preventing attacks on sugar as a food.

Educational Projects: The only item of consequence in this category is Exhibits. Some small savings could be made here by cancelling our contracts with the exhibitor organizations, such as Soft Drink, Confectioners and Food Technologists. Again, this will not improve our position to any degree and some goodwill would be lost if we did so.

In summary, the present program is basic--what we need. Perhaps it should be considered a minimum. If we had to make cuts in this budget, it would mean emasculating the Public Relations program, since the scientific expenses are obligatory on the basis of our commitments.

It would seem, therefore, there is a responsibility on my part to recommend to you and the membership an increase in dues to enable the Sugar Association to carry on a balanced and necessary program for the industry. There is also a possibility of relief by increased membership--Imperial to mention just one--but here again this increase would only reduce our deficit, not offset it.

I know that from a financial point of view this is not the most propitious time to request an increase in dues, but from the point of view of need--the McGovern Report for instance--it seems essential.

I suggest that the dues be increased by 50%, which would bring the dues structure to 6 mils for raws and 9 mils for refined. These rates are the same as prevailed during the years when advertising was the mainstay of our program. We have enjoyed the benefits of deficit spending the past two years, owing to our reserves, but we must now face the realities--untimely as they may be.

  
President